

# Management's Outlook Towards Economic Performance

## **Vision**

Establish leadership in whatever we do at home and abroad.

The organization understands that if sustainable development is to achieve its potential, it must be integrated into the planning, measurement and strategic systems of the business. Business mainly depends on the human and natural resources in addition to the physical and financial capital. That's why we at JISL take care, emphasize and put in every effort so that, economic activity, business agreement, mergers and acquisition will work with and for the society and nature. As a precautionary approach, the organization has identified the probable risk of climate change and also the alternatives for minimizing and avoiding it.

## **Guiding Principle**

Toil and sweat to manage our resources of men, material and money in an integrated, efficient and economic manner. Earn profit, keeping in view commitment to social responsibility and environmental concerns.



In working for a food, secure world lies our economic prosperity

# Economic Performance Measures

	Consolidated FY 2009-10	Consolidated FY 2010-11
<b>A. Direct Economic value generated (INR Million)</b>		
Net Sales-Domestic	21,734.92	27,349.00
Net Sales-Export	12,122.80	13,375.38
Net Sales-Export Services	-	-
Net Sales-Domestic Services	42.98	12.01
Revenue from Export incentives	342.19	803.89
Revenue from sale of assets	-	-
Revenue from financial investment	-	1.70
Other Operating Income	115.44	221.48
Increase and (Decrease) in Stock	1,821.79	3,126.85
Cost of Self Generated Capital Equipment	880.60	1,001.38
Other non operating income-Forex	868.23	278.52
<b>Total</b>	<b>37,928.95</b>	<b>46,170.21</b>

<b>B. Direct Economic value distributed (INR Million)</b>		
Operating Costs	27406.97	33,736.68
Salary and Wages	3306.01	3,924.94
Benefits and Contribution	207.6	252.95
Payment to providers of capital		
Finance costs	2155.42	2,677.72
Dividend	356.86	386.02
Payment to government	978.98	1,164.63
Loss on sale of assets	44.69	20.51
Other non-operating loss-Forex	0	-
Community Investments		
Charity and Donations	0	62.82
<b>Total</b>	<b>34,456.53</b>	<b>42,226.27</b>

<b>C. Economic Value retained (INR Million)</b>		
<b>C= A-B</b>	<b>3472.42</b>	<b>3943.94</b>

\*This includes the consolidated financial performance data for whole JISL Group up to March 2011. This include entities included in the boundary as well as excluded in boundary and it is externally audited.

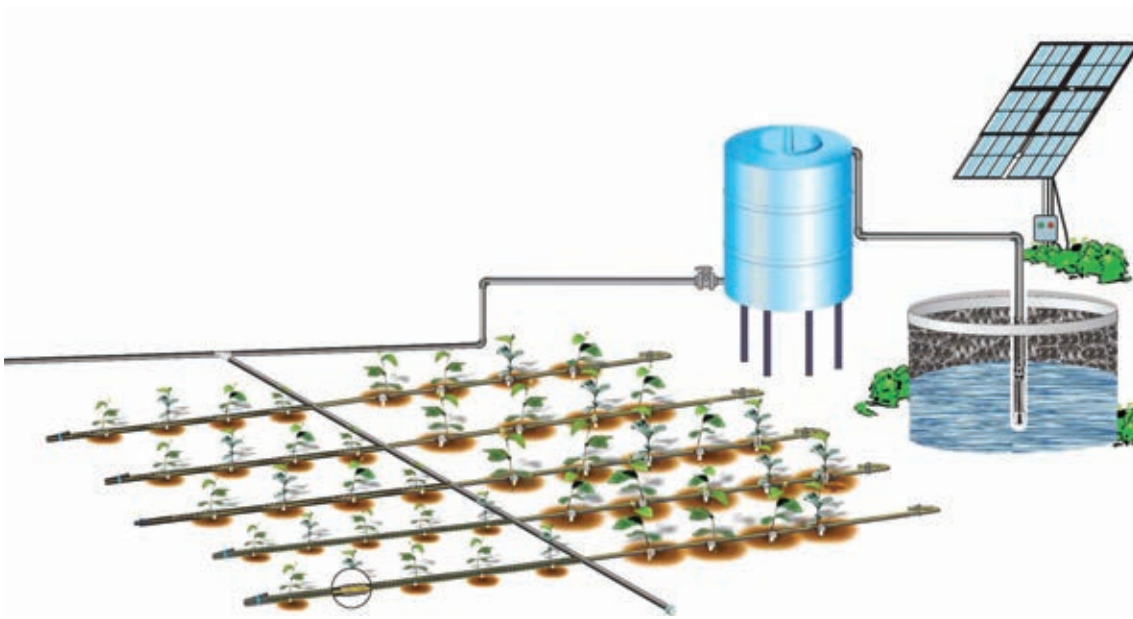
## Financial implication of climate change

Climate change has the potential to both positively and negatively impact the organization. On the one hand, the changes in climate would have a positive impact for JISL's irrigation products and energy products and in other it has a negative impact on our food processing industry. A brief description and analysis of the financial implications of climate change to our industry is given below.

### A. Impact on Agriculture, Society and Business :

The output of agriculture is most vulnerable due to climate change, so is the income of the farmer and hence it is a critical challenge to the social security of farmers. The most visible proof of this is the increasing suicide rate of farmers in the last decade. This is one of the important issues for agricultural economy and agri-based organization.

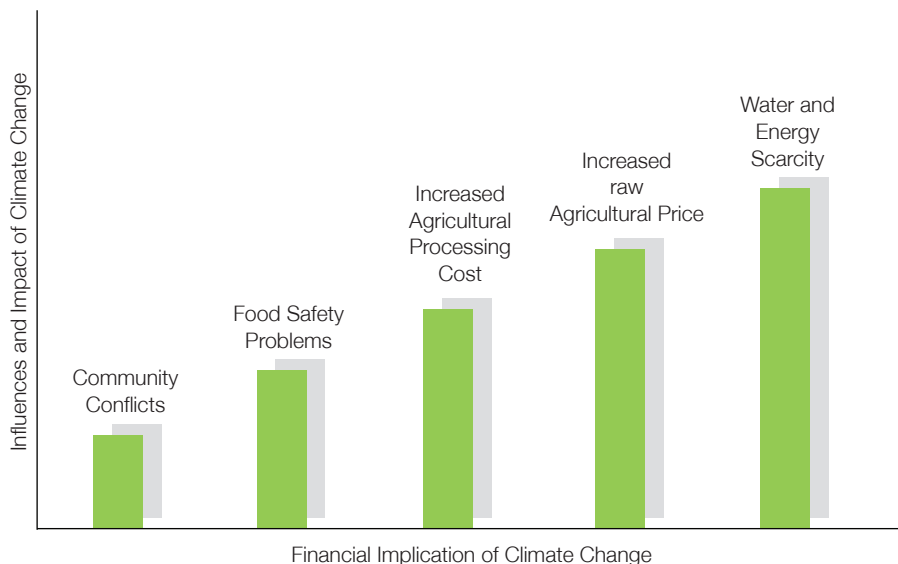
We understand that farmers are our customers as well as our suppliers. Only if they prosper, we are aspire to prosper. We also understand the linkage between energy, water, food, agriculture, prosperity of farmers and societal health. Stepping ahead with this understanding, we are always striving to serve and provide long-term solutions to the farmers and the society through our products and services. JISL's products and services bring alternative solutions for energy and water scarcity.



Solar water pump integrated with Drip-Solution for water and energy scarcity

### B. Food processing sector and Climate change :

Food processing operations depend on the stable supply of raw material which is sensitive to the climate and vulnerable to the changes in the natural environment. Climate shift could also negatively impact the food processing segment of the business. The following diagram shows the material impacts of climate change on the Food processing sector.



\*The green bar represents the financial implication of climate change and grey bar represents-the impact of climate change

Across the world climate change strategies for food processing are changing and supporting to develop the future market in the best interests of both the farmers and the processors. This ensures minimum price stability to the farmers and sustained raw material supply to the processors.

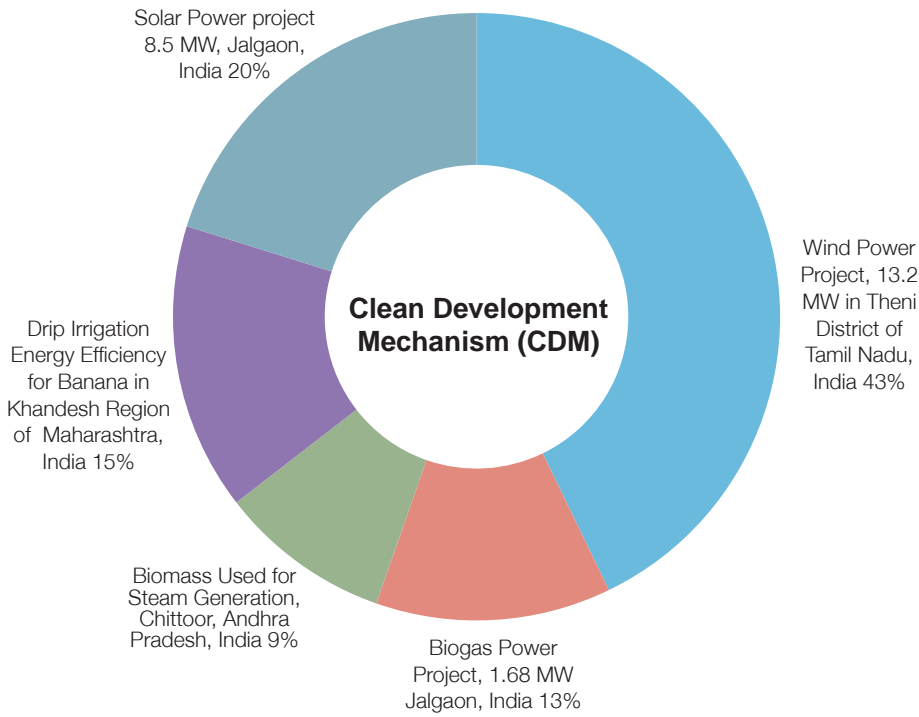
To explore this opportunity and to protect our business from long-term threats, we have developed and implemented risk mitigation and hedging strategies, such as:

- Implementing raw material sourcing policy for food processing operations
- Implementing sustainable agricultural standards such as JAINGAP, SAC.
- Successful model of contract farming in Onion.
- Also successfully evolved the concept of 'Ultra High Density' Mango plantation, which has revolutionized mango growing, making it one of the most profitable crops for farmers.
- Soil and water conservation initiative.
- Increase the area under micro-irrigation product and services.
- Promote and provide renewable energy products and services.
- Farmer empowerment through awareness training and extension services.
- MoU with IRRI and ICRISAT to bring rice and other field crops under MIS respectively.

### **C. Climate change and CDM benefits to organization :**

Under Kyoto protocol, Clean Development Mechanism (CDM) has provided India with a significant opportunity for reducing carbon emission and ability to make money through energy efficiency and renewable energy projects. In the same effort, policies to regulate greenhouse gases are being developed and implemented in major markets around the world, bringing opportunities for environment-friendly business. We are also exploring these opportunities with 5 CDM projects. Total 65,400 CER/annum will be reduced with JISL's CDM projects. The contribution of each project is as follows, all of them are at the final TR (technical review) stage of validation.

The organization understands the risk it is facing and actively building the resilience to the



impact. JISL has a risk management plan to ensure business continuity, which is not only for the betterment and long-term sustainability of our business but also for the society and environment. The mission of organization for the next 20 to 25 years will be to get more nutritional crop per drop, not just more crop per drop.

**Financial Assistance from Government**

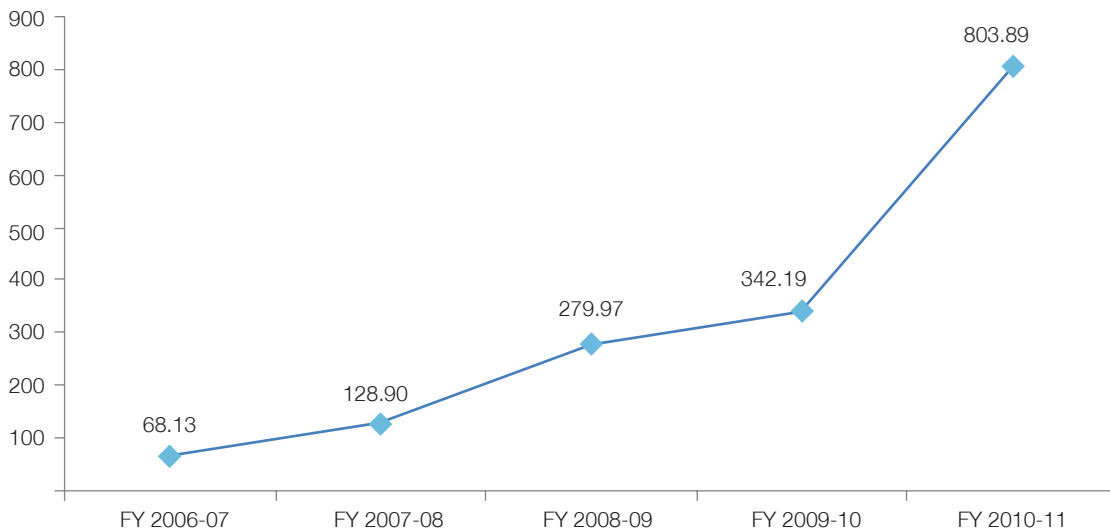
Following are the incentives and assistance received from Government

- Accrued export incentives and assistance under VKYU scheme
- Transport assistance scheme of GOI for our agro processed products division
- Mega project incentive from Maharashtra Government

Following are the export incentives and assistance received from Government

The Government has also introduced several schemes to provide financial assistance for

**Export Incentives and Assistance (INR Million)**



setting up and modernizing of food processing units. It is harmonizing and simplifying the food laws by an appropriate enactment for covering the issues concerning standard nutrition, merit goods, futures marketing and equalization of fund. These policies are very supportive for the advancement and development of the food processing sector of the organization.

### Employee Benefit Plan

Short term employee benefits are recognised as an expense is a undiscounted in the profit and loss account of the year in which the related services provided.

#### Post employment benefits

**Defined contribution plans** : organizations contribution to the provident fund scheme, superannuation, etc are recognised during the year in which the related services are provided.

Year	FY 2008-09	FY 2009-10	FY 2010-11
<b>Employees Benefit Expenses</b>	810	1036	1503

**Employee Stock Option Plan (ESOP)** : The implementation of Employees Stock Options and Shares Plan, 2005 (ESOP-2005) has continued during the year under review. Thus four lots are now issued to eligible employees including whole-time directors, and key management personnel. No employee has been issued options entitling such person to subscribe to more than 1% of Equity Share capital of the organization.

Details and disclosures in compliance with the clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in AR 2010-11)

Details of ESOP Allotted to employees during 2009 to 2011			
Sr.	Year	No. of Employees covered	No. of shares allotted @ INR 2/- each
1	2009-2010	2449	2,283,950
2	2010-2011	3418	4,608,350
		Total no. of shares	6,892,300

**Subsidiary Companies in USA** : In case of Jain Irrigation Holding Inc. and Cascade Specialities Inc. US Subsidiaries maintain a 401 (k) plan that covers substantially all of its employees. The employees may elect to defer up to 15% of their gross pay. The organization match is currently 100% of the employee contribution up to 5% of the employee's eligible pay. The match is vested upon contribution and the organization may make additional discretionary profit sharing contributions. No profit sharing contributions were made for the year ended March 2011.